

Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 EB-08 FRB-03
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APPROVED BY EUR/SOV:MGARRISON
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FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW

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E.O. 11652: N/A

TAGS: EEWT, UR, US

SUBJECT: DECEMBER 19 BUSINESS FACILITATION MEETING

REF: (A) STATE 262635 (B) MOSCOW 18135

1. FOURTH REGULAR MEETING ON BUSINESS FACILITATION WAS HELD DECEMBER 19. CHAIRED BY DEPUTY ASSISTANT SECRETARY OF COMMERCE REICH, IT WAS ATTENDED BY EDGAR OF EUR/SOV, BEWT STAFF, SPRUELL OF OEA AND PONOMARENKO OF TREASURY AND, ON THE SOVIET SIDE NAZAROV AND TISHCHENKO (TRADE REPRESENTATION), PLATONOV (KAMA) AND KISLENKO (AMTORG). ILLNESS PREVENTED MKRTUMOV FROM ATTENDING. TOPICS DISCUSSED WERE:

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2. TIMBER EXPORTS. REICH NOTED THAT WE HAD PROVIDED SOVIETS WITH NAMES AND ADDRESSES OF FIRMS AND TRADE ASSOCIATIONS IN THE TIMBER BUSINESS, PER SOVIET REQUEST AT PREVIOUS BUSINESS FACILITATION MEETING. KISLENKO THANKED US FOR LIST AND SAID IT HAD BEEN VERY HELPFUL. AMTORG HAS ALREADY CONTACTED, AND BEGUN CONCRETE NEGOTIATIONS WITH GEORGIA-PACIFIC, BORNEO-SUMATRA, BOISE-CASCADE, U.S.

PLYWOOD, AND CHAMPION INDUSTRIES. KISLENKO ADDED THAT BECAUSE OF THE HIGH TARIFFS ON OTHER FOREST PRODUCTS, PLYWOOD IS THE ONLY SUCH PRODUCT THE SOVIETS CAN CONSIDER EXPORTING TO THE US AT THIS TIME.

3. FUR EMBARGO. REICH SAID THAT WE HAVE BEGUN TO CHECK INTO THE SITUATION REGARDING THE EMBARGO ON IMPORTATION INTO THE US OF SEVEN TYPES OF FURSKINS FROM THE USSR. WE HAVE BEGUN DISCUSSING THIS ISSUE WITH THE FUR GARMENT PRODUCERS' ASSOCIATION BUT HAVE NOTHING TO REPORT AS YET.

4. LINKAGE OF PROMISSORY NOTES TO CONTRACT PERFORMANCE. REICH ASKED FOR STATUS REPORT. NAZAROV REPLIED THAT NIKITKIN HAD HAD SOME DISCUSSIONS WITH COMMERCE OFFICIALS IN NOVEMBER. US SIDE EXPLAINED THAT THESE DISCUSSIONS HAD BEEN VERY SUPERFICIAL, AND NAZAROV AGREED TO CHECK INTO THE MATTER FURTHER.

5. FOREIGN TRADE STATISTICS. REICH REITERATED PREVIOUS US REQUEST FOR MORE DETAILED QUARTERLY SOVIET EXPORT AND IMPORT STATISTICS. NAZAROV REPLIED THAT OUR REQUEST HAD BEEN RELAYED TO MOSCOW, AND THUS FAR WITH NO RESPONSE.

6. SECRETARY KREPS' VISIT TO THE USSR (SEPTEL WILL FOLLOW) REFERRING TO SECRETARY KREPS' ACCEPTANCE OF MINISTER PATOLICHEV'S INVITATION TO VISIT THE SOVIET UNION, REICH LIMITED OFFICIAL USE

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NOTED THAT HE IS TENTATIVELY PLANNING HER VISIT FOR APRIL 1978 AND WILL COMMUNICATE WITH THE TRADE REPRESENTATION OFFICIALLY AS THESE PLANS FIRM UP. NAZAROV REPLIED THAT HE WOULD BE WAITING FOR MORE SPECIFICS FROM US ON THE DATES OF HER TRIP AND THE THINGS SHE WOULD LIKE TO SEE.

7. MARKETING SEMINAR. REICH THANKED THE SOVIETS FOR THEIR GOOD WORK ON THE SEMINAR. WE ARE DEVELOPING LISTS OF REGISTRANTS AND ATTENDEES IN CHICAGO AND WASHINGTON. WE WILL TRANSMIT THEM TO THE TRADE REPRESENTATION AS SOON AS THEY ARE COMPLETE. WE HOPE TO HAVE THE PROCEEDINGS TRANSLATED AND AT THE PRINTER'S BY LATE JANUARY.

8. TRADE PROMOTION EVENTS OUTSIDE MOSCOW. REICH NOTED THAT THIS SUBJECT HAD BEEN RAISED AT THE SEPTEMBER MEETING BUT MKRUTMOV HAD SAID THE TIMING WAS INAPPROPRIATE BECAUSE OF THE SITUATION IN LOS ANGELES. REICH AGAIN REQUESTED SOVIET ASSISTANCE IN STAGING TRADE PROMOTION EVENTS OUTSIDE MOSCOW. HE NOTED THAT HE AND MURRIN (DIRECTOR, OEWT, BEWT) HAD RAISED THE QUESTION OF HOLDING CARDIOLOGY S/ME IN LENINGRAD AS WELL AS MOSCOW WITH SOLNTSEV (DURING MARKETING SEMINAR). SOLNTSEV HAD PROMISED TO EXPLORE

SUBJECT WITH LENINGRAD CHAMBER OF COMMERCE. NAZAROV ASKED US TO PROVIDE HIM WITH MORE BACKGROUND AND PROMISED TO PUSH THIS MATTER FORWARD.

9. REGULATIONS ON ACCREDITATION OF FOREIGN FIRMS IN MOSCOW.

REICH ASKED SOVIETS TO EXPLAIN THE IMPLICATIONS OF THE NEW SOVIET LAW REGULATING ACCREDITATION OF FOREIGN FIRMS IN THE USSR. SOVIETS SAID THEY BELIEVE THE LAW IS STRICTLY INTERNAL AND WILL HAVE NO IMPACT ON ACCREDITATION PROCEDURES. HOWEVER, THEY THEMSELVES ARE STILL STUDYING THE NEW LAW. THEY WILL EXPLAIN ANY CHANGES IN PROCEDURES AT OUR NEXT MEETING.

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10. COMMERCIAL COMMISSION MEETING. REICH SAID THAT IT IS NOT TOO EARLY TO BEGIN THINKING ABOUT THE NEXT MEETING. PERHAPS WE CAN BEGIN TO CONSIDER SPECIFIC AGENDA ITEMS AT NEXT BUSINESS FACILITATION MEETING.

11. MULTIPLE ENTRY VISAS. EDGAR AND REICH SAID THAT WE ARE STILL INTERESTED IN MOVING AHEAD ON THIS AND THAT WE ARE PREPARED TO GRANT MULTIPLE ENTRY VISAS ON A RECIPROCAL BASIS. SOVIETS SUGGESTED EMBASSY MOSCOW PURSUE THIS WITH RAKHMANIN.

12. KAMA VISAS. EDGAR DREW ATTENTION TO THE FACT THAT ALTHOUGH STATE HAD DECIDED TO GRANT ONE-YEAR VISAS TO KAMA PERSONNEL, THE INS HAS NOT YET CHANGED ITS OWN REGULATIONS TO PROVIDE FOR ONE-YEAR LENGTH OF STAY. STATE EXPRESSED REGRET FOR THE FACT THAT KAMA EMPLOYEES HAVE BEEN APPLYING UNSUCCESSFULLY FOR ONE-YEAR VISAS, AND HOPES THAT THE PROBLEM CAN BE RESOLVED SHORTLY.

13. RENTAL OF UNCHAUFFERED CARS BY SOVIET COMMERCIAL VISITORS. EDGAR ANNOUNCED STATE'S DECISION TO ALLOW RENTAL OF UNCHAUFFERED CARS ON A CASE-BY-CASE BASIS. SEE SEPTTEL FOR DETAILS.

14. FOREIGN TRAVEL BY LOCAL EMPLOYEES OF EMBASSY MOSCOW. EDGAR RAISED PROBLEM IN GENERAL TERMS, EXPRESSED REGRET THAT TRAVEL TO WARSAW SEMINAR HAD BEEN TURNED DOWN, AND ASKED FOR POSITIVE CONSIDERATION FOR FSL TRAVEL TO FUTURE SEMINARS.

15. PROCEDURES FOR LEASING OR PURCHASE OF PROPERTY BY SOVIET ORGANIZATIONS IN THE US. EDGAR HANDED SOVIETS COPIES OF DIPLOMATIC NOTES DATED JANUARY 7 AND MAY 3, 1977, LIMITED OFFICIAL USE

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DESCRIBING PROCEDURES THAT SOVIETS ARE EXPECTED TO FOLLOW TO REQUEST APPROVAL FOR LEASING OR PURCHASE OF PROPERTY IN US. EDGAR NOTED THAT THERE IS NO PROBLEM AT PRESENT (SINCE REQUEST FOR NEW AMTORG PREMISES HAS BEEN MADE BY DIPLOMATIC NOTE), BUT HE WANTED TO MAKE SURE THAT NEW PRESIDENTS OF KAMA AND AMTORG WERE AWARE OF PROCEDURES.

NAZAROV NOTED THAT THE SOVIET EMBASSY'S POINT OF VIEW IS THAT AMTORG AND BELARUS, AS NON-GOVERNMENT ORGANIZATIONS, ARE NOT LEGALLY OBLIGED TO CONFORM TO THESE PROCEDURES. EDGAR SAID HE UNDERSTOOD THERE IS A LEGAL DISAGREEMENT, BUT THAT THE ESTABLISHED US POSITION IS THAT WE MUST BE NOTIFIED IN ADVANCE OF ANY PROPERTY ACQUISITION. TISHCHENKO ASKED FOR CLARIFICATION OF WHETHER STATE DEPARTMENT NOTES REQUIRE NOTIFICATION OR REQUEST FOR APPROVAL, AND EDGAR CONFIRMED THAT THEY STIPULATE REQUEST FOR APPROVAL. KISLENKO ASKED THAT ANY EXCHANGE OF DOCUMENTS ON AMTORG'S NEW OFFICE BE HANDLED AS QUICKLY AS POSSIBLE.

16. INCIDENT AT USCO. REICH REFERRED TO THE NOVEMBER 25 INCIDENT AND VOICED HOPE THAT SUCH INCIDENTS WILL NOT OCCUR IN THE FUTURE TO BLEMISH THE FINE COMMERCIAL RELATIONS BETWEEN OUR TWO COUNTRIES.

17. EXPORT LICENSES. SPRUELL PROVIDED SOVIETS WITH AN UPDATE ON 11 LICENSE CASES. SOVIETS REQUESTED EXPEDITIOUS HANDLING OF SPERRY UNIVAC APPLICATION FOR TASS COMPUTER SYSTEM FOR OLYMPICS, NOTING THAT IT WAS ESSENTIALLY THE SAME SYSTEM ALREADY LICENSED FOR AEROFLOT.

18. INFORMATION FOR TRADE ASSOCIATIONS. REICH NOTED THAT WE HAD ASKED SEVERAL TRADE ASSOCIATIONS, INCLUDING THE NATIONAL CONSTRUCTORS ASSOCIATION, WHAT INFORMATION THEY WOULD NEED IN ORDER TO BECOME INVOLVED AT AN EARLY STAGE IN BIDDING ON LARGE SOVIET PROJECTS. WE PUT TOGETHER A LIST OF SUCH QUESTIONS, COPIES OF WHICH REICH HAS

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PASSED ON TO SUSHKOV AND MKRTUMOV. REICH LOOKS FORWARD TO FURTHER DISCUSSIONS WITH SUSHKOV. (SUSHKOV REPLY WAS RECEIVED SUBSEQUENTLY, WILL BE POUCHED TOGETHER WITH A COPY OF REICH'S LETTER.)

19. MARKETING CASE STUDIES. REICH SAID THAT HE HAS DISCUSSED THE IDEA WITH TWO BUSINESS SCHOOLS AND THE

TRADE AND ECONOMIC COUNCIL. IN ALL CASES, THE REACTION WAS POSITIVE. NAZAROV ADDED THAT FROUMKIN OF THE ACADEMY OF FOREIGN TRADE, WHO PARTICIPATED IN DECEMBER MARKETING SEMINAR, IS CHECKING OUT REACTIONS ON SOVIET SIDE.

20. SPURUELL HANDED OUT A SUMMARY OF RECENT OEA REGULATIONS RELATING TO EAST-WEST TRADE.

21. THE NEXT MEETING WAS SCHEDULED FOR FEBRUARY 7. VANCE

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